



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
NAMIBIA TOURISM BOARD
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

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REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Namibia Tourism Board for the financial year ended 31 March 2017, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991 (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

A handwritten signature in black ink, appearing to read 'Junias Etuna Kandjeke'.

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

WINDHOEK, January 2018

**NAMIBIA TOURISM BOARD
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

1. REPORT ON THE FINANCIAL STATEMENTS

1.1 INTRODUCTION

The accounts of the Namibia Tourism Board (herein after referred to as the “Board” as per the Act) for the financial year ended 31 March 2017 are being reported with the provisions set out in Section 15(3) of the Namibia Tourism Board Act, 2000 (Act 21 of 2000).

The firm Strategies registered accountants and auditors of Windhoek have been appointed in terms of Section 26(2) of the State Finance Act, 1991, to audit the accounts of the Board on behalf of the Auditor- General and under his supervision.

Figures in the report are rounded to the nearest Namibia dollar and deficits are indicated in brackets.

I certify that I have audited the accompanying financial statements of the Namibia Tourism Board for the year ended 31 March 2017. These financial statements comprise the following:

- Annexure A: Report of the Board;
- Annexure B: Balance Sheet;
- Annexure C: Income Statement;
- Annexure D: Cash flow Statement; and
- Annexure E: Notes to the Annual Financial Statements.

The financial statements were submitted by the Accounting Officer to the Auditor-General on the 18th of July 2017 in compliance with Section 15 (2) (b) of the Namibia Tourism Board Act, 2000.

1.2 MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Section 15 (2) (a) of the Namibia Tourism Board Act, 2000 (Act 21 of 2000) and relevant legislation, and for such internal control as management determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

1.3 AUDITOR’S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Powers and duties

Section 25(1) (c) of the State Finance Act, 1991, provides that the Auditor-General should satisfy himself that:

- (a) All reasonable precautions have been taken to ensure that all monies due to the State are collected, and that the laws relating to the collection of such monies have been complied with;
- (b) All reasonable precautions have been taken to safeguard the receipt, custody and issue of and accounting for, the State's assets, such as stores, equipment, securities and movable goods; and
- (c) The expenditure has taken place under proper authority and is supported by adequate vouchers or other proof.

In addition, Section 26(1) (b)(iv) of the State Finance Act, 1991, empowers the Auditor-General to investigate and report on the economy, efficiency and effectiveness of the use of the State's resources.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the unqualified audit opinion.

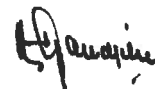
1.4 ACKNOWLEDGEMENT

The assistance and co-operation given by the staff of the Board during the audit is appreciated.

1.5 UNQUALIFIED AUDIT OPINION

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Namibia Tourism Board, and their financial performance and cash flows for the year then ended in accordance with the State Finance Act, 1991.

WINDHOEK, January 2018



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**NAMIBIA TOURISM BOARD
FOR THE FINANCIAL YEAR ENDED 31 MARCH**

The Board presents its report for the year ended 31 March 2017.

1. BUSINESS AND OPERATIONS

The Board's business and operations and the results thereof are clearly reflected in the attached financial statements. No material fact or circumstance has occurred between the accounting date and the date of this report.

The Board is engaged in promoting tourism in Namibia according to statutory agreements.

2. STATEMENT OF RESPONSIBILITY

Directors' Responsibility for the Financial Statements

The Board's Directors are responsible for the preparation and fair presentation of these annual financial statements and for ensuring regularity of the financial transactions. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Board is also responsible for the system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatements and losses. Nothing has come to the attention of the Board to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the board has every reason to believe that it has adequate resources in place to continue its operations for the foreseeable future.

**NAMIBIA TOURISM BOARD
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

3. FINANCIAL RESULTS

The Board's profit on ordinary activities for the years is shown below. Annual results can be summarized as follows:

	2017	2016
	N\$	N\$
Revenue	61 989 796	81 403 157
Interest received	532 272	808 009
	62 522 068	82 211 166
Other Income	2 692 068	1 552 625
Expenditure	(55 548 712)	(93 841 413)
Interest paid	(1 868 810)	(1 093 987)
	7 796 614	(11 171 609)
Net profit/(deficit) for the year before adjustments		
ADJUSTMENTS	(238 344)	1 034 430
Net profit/(deficit) for the year	7 558 270	(10 137 179)
Cash and cash equivalents	24 688 086	20 735 140

4. PROPERTY, PLANT AND EQUIPMENT

The Board acquired property plant and equipment of N\$ 2 040 051 (2016: N\$ 16 030 282) during the year under review.

Additions consisted mainly building costs capitalised during the 2017 financial year.

5. EVENTS SUBSEQUENT TO THE YEAR END

The following members were appointed as the Board of directors in April 2017:

	Date of Appointment	End of Term
Mr Paul Brinkmann (Chairperson)	01 April 2017	31 March 2020
Ms Madelein Goagoses (Vice Chairperson)	01 April 2017	31 March 2020
Ms Marie Friede (Board Member)	01 April 2017	31 March 2020
Mr Silas-Kishi Shakumu (Board Member)	01 April 2017	31 March 2020
Mr Terence Makari (Board Member)	01 April 2017	31 March 2020

**NAMIBIA TOURISM BOARD
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

ANNEXURE A

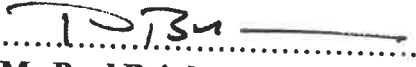
6. BOARD OF DIRECTORS

The Board consisted of the following members during the accounting period:

	Date of Appointment	End of Term
Ms Annascy Mwanyangapo (Chairperson)	09 September 2014	31 March 2017
Ms Theopolitina M. Namases (Vice Chairperson)	01 April 2014	31 March 2017
Mr Paul Brinkmann (Board Member)	01 April 2014	31 March 2017
Ms Meriam Onesmus (Board Member)	01 April 2014	31 March 2017
Dr Sem Shikongo (Board Member)	01 April 2014	31 March 2017

7. APPROVAL

The financial statements were approved by the Board on the NOVEMBER 2017 and signed by the Chairperson:


.....
Mr Paul Brinkmann
Chairperson

Windhoek, November 2017

NAMIBIA TOURISM BOARD
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

ANNEXU

ASSETS	Note	2017 N\$	2016 N\$
Non-current assets			
Property, plant and equipment		68 595 229	69 534
Intangible assets	2	65 275 769	64 090
	3	3 319 460	5 444
Current assets			
Trade and other receivables		25 941 417	22 203
Cash and cash equivalents	4	1 253 331	1 468
	5	24 688 086	20 735
TOTAL ASSETS		94 536 646	91 739
FUNDS AND LIABILITIES			
Funds and reserves			
Accumulated funds		69 106 035	61 547
Current liabilities			
Trade and other payables		7 109 327	10 262
Provisions	6	4 209 005	7 392
Short Term Portion of Loan	7	1 249 996	1 368
	13	1 650 326	1 502
Long Term Liabilities			
Long Term Loan	13	18 321 284	19 928
TOTAL FUNDS AND LIABILITIES		94 536 646	91 739

NAMIBIA TOURISM BOARD
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH

	Note	2017 N\$	2016 N\$
Revenue	8	61 989 796	81 403 157
Other Income	12	2 692 068	1 552 625
Other operating expenses		(55 548 712)	(93 841 413)
Operating profit/(deficit)	9	9 133 152	(10 885 631)
Interest Received	10	532 272	808 009
Interest paid		(1 868 810)	(1 093 987)
Net profit/(deficit) for the year before adjustments		7 796 614	(11 171 609)
ADJUSTMENTS		(238 344)	1 034 430
Net profit/(deficit) for the year		7 558 270	(10 137 179)

NAMIBIA TOURISM BOARD
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH

	Note	2017 N\$	2016 N\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash Receipts from Customers		64 681 864	81 403 157
Cash Paid to Suppliers		(55 931 156)	(90 371 527)
Cash generated / (utilised) by operations	11	8 750 708	(8 968 370)
Interest received	10	532 272	808 009
Interest paid		(1 868 810)	(1 093 987)
Net cash (outflow)/ inflow from operating activities		7 414 170	(9 254 348)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2 040 051)	(16 030 282)
Proceeds from sale of property, plant and equipment		38 4116	42 556
		(2 001 635)	(15 987 726)
CASH FLOW FROM FINANCING ACTIVITIES			
(Decrease)/ Increase in long term loans	13	(1 459 582)	21 431 192
NET MOVEMENT IN CASH AND CASH EQUIVALENTS			
		3 952 946	(3 810 882)
CASH AND CASH EQUIVALENTS –BEGINING OF THE YEAR			
		20 735 140	24 546 022
CASH AND CASH EQUIVALENTS –END OF YEAR			
	5	24 688 086	20 735 140

NAMIBIA TOURISM BOARD
NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 MARCH

1. ACCOUNTING POLICIES**1.1 Introduction**

The annual financial statements set out in Annexures B to E were prepared on the historical cost basis, and incorporate the following principal accounting policies, which are consistent in all material aspects with those applied in the previous year.

1.2 Revenue recognition

Revenue comprises grants received from the Government of the Republic of Namibia and from other sources to defray costs necessarily incurred by the Namibia Tourism Board as well as levies and fees collected in terms of the Namibia Tourism Board Act, 2000 (Act21 of 2000).

1.3 Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investments.

1.4 Property, plant and equipment

All property, plant and equipment are initially recorded at cost and adjusted for any impairment in value.

Impairment losses and reversal of impairment losses are recognised in the income statement.

Depreciation is calculated on the straight-line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property, plant and equipment are as follows:

- Motor vehicles	20 %
- Furniture and fittings	20 %
- Office equipment	20 %
- Computer equipment	33.3 %

1.5 Provisions

Provisions are recognised when the Board has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

1.6 Government Grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis relative to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to the deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

NAMIBIA TOURISM BOARD
NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 MARCH

1.7 Intangible assets*Transactions*

Foreign currency transactions are recorded, on initial recognition in Namibian dollars, by applying to the foreign currency amount the exchange rate between the Namibia dollars and the foreign currency at the date of the transactions.

At each balance sheet date:

- (a) Foreign currency monetary items are reported using the closing rate,
- (b) Non- monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction, and
- (c) Non- monetary items which are carried at fair value denominated in a foreign currency are reported using the exchange rates that exist when the fair values were determined.

Net investment in foreign currency

Exchange differences arising on a monetary item that, in substance, forms part of the net investments in a foreign entity are classified as equity in the financial statements until the disposal of the net investment, at which time they are recognised as income or expenses.

Foreign operations that are integral to the operations of the Board

The financial statements of a foreign operation that is integral to the operations of the Board are translated using the same standards and procedures as if the transactions of the foreign operations had been those of the Board itself.

1.7 Financial instruments

Financial instruments carried on the statement of financial position include trade and other receivables, cash and cash equivalents, investments, leases and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

1.7 Intangible assets

Computer software programs are expensed in the year in which they are acquired, unless when it forms part of the cost of an intangible asset that meets the recognition criteria of IAS 38, paragraph 18-67.

After initial recognition, an intangible asset shall be carried at its cost less any accumulated amortization and the accumulated impairment losses.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

- Computer software 20%

NAMIBIA TOURISM BOARD
NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 MARCH

2. PROPERTY, PLANT AND EQUIPMENT

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	N\$	N\$	N\$	N\$	N\$	N\$
Land	1 865 313	-	1 865 313	1 865 313	-	1 865 313
	62 311					
Building	150	-	62 311 150	60 729 784	-	60 729 784
Motor Vehicles	4 841 460	(4 272 093)	569 367	5 089 050	(3 865 575)	1 223 475
Furniture and fixtures	1 835 347	(1 672 381)	162 966	1 705 168	(1 605 047)	100 121
Office equipment	413 231	(407 495)	5 736	409 881	(388 912)	20 969
Computer equipment	4 640 896	(4 279 659)	361 237	4 315 740	(4 164 576)	151 164
	75 907					
	397	10 631 628	65 275 769	74 114 936	(10 024 110)	64 090 826

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying Value beginning of year	Additions	Disposals	Depreciation	Carrying Value end of year
	N\$	N\$	N\$	N\$	N\$
2017					
Land	1 865 313	-	-	-	1 865 313
Building	60 729 784	1 581 366	-	-	62 311 150
Motor Vehicles	1 223 475	-	(38 416)	(615 691)	569 368
Furniture and fixtures	100 121	130 179	-	(67 334)	162 966
Office equipment	20 969	3 350	-	(18 583)	5 737
Computer equipment	151 164	325 156	-	(115 084)	361 236
	64 090 826	2 040 051	(38 416)	(816 692)	65 275 769
2016					
Land	1 865 313	-	-	-	1 865 313
Building	44 748 425	15 981 359	-	-	60 729 784
Motor Vehicles	2 178 845	-	-	(955 370)	1 223 475
Furniture and fixtures	179 672	-	-	(79 551)	100 121
Office equipment	73 581	9 383	(3 567)	(58 428)	20 969
Computer equipment	575 253	39 540	(19 290)	(444 339)	151 164
	49 621 089	16 030 282	(22 857)	(1 537 688)	64 090 826

Details of Properties

Erf no 8716, Windhoek

The property consists of Erf 8716, Windhoek, and measures 2,239 square meters and is registered under the title deed T933/2013

NAMIBIA TOURISM BOARD
NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 MARCH

3. INTANGIBLE ASSETS

	2017			2016		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
	N\$	N\$	N\$	N\$	N\$	N\$
Computer software	10 627 901	(7 308 441)	3 319 460	10 627 901	(5 182 921)	5 444 980
	10 627 901	(7 308 441)	3 319 460	10 627 901	(5 182 921)	5 444 980

The carrying value of intangible assets can be reconciled as follows;

	Carrying value at the beginning of the year	Additions	Amortisation	Carrying value at the end of the year
	N\$	N\$	N\$	N\$
2017				
Computer software	5 444 980	-	(2 125 520)	3 319 460
	5 444 980	-	(2 125 520)	3 319 460
2016				
Computer software	7 570 560	-	(2 125 580)	5 444 980
	7 570 560	-	(2 125 580)	5 444 980

	2017	2016
	N\$	N\$
4. TRADE AND OTHER RECEIVABLES		
Trade receivables	8 281 458	7 456 067
Provision for doubtful debts	(7 343 693)	(6 342 412)
Employee costs in advance	12 745	61 600
Prepayments	166 877	277 525
Deposits	135 944	15 944
	1 253 331	1 468 724

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand balances and with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

Cash on hand	191	1 925
Bank Balances	12 564 754	11 621 490
Investments*	12 123 141	9 111 725
	24 688 086	20 735 140

The investments balance relates to the unutilized funds from the FNB Mortgage (Note 13).

NAMIBIA TOURISM BOARD
NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 MARCH

6. TRADE AND OTHER PAYABLES	2017	2016
	N\$	N\$
Trade Payables	3 468 685	5 292 708
Deposit Prime Minister's office	120 950	-
Accrual expenses	125 604	2 099 575
Owing to Ministry of Tourism (KORA)	493 766	-
	4 209 005	7 392 283

7. PROVISIONS

Provisions : Leave Days	367 451	385 822
Provisions : Bonus	882 545	982 608
	1 249 996	1 368 430

8. REVENUE

Revenue comprises turnover which excludes value added tax and represents the invoiced value of services provided.

Major classes of revenue comprise:

Profit on sale of property plant and equipment	-	19 699
Government Grants	17 611 206	45 999 999
KORA All African Music Awards Project	-	23 999 999
Operational Grant	17 611 206	22 000 000
Suspense Account	-	268 151
Additions renovations and alterations	191 600	108 500
Application fees	550 700	467 200
Levies Received	39 066 022	29 390 631
Interest on Outstanding Levies	1 909 783	1 929 707
Registration fees	73 250	60 400
Replacement fees	105 900	80 620
Participation fees	2 481 333	3 078 250
	61 989 795	81 403 157

9. OPERATING SURPLUS

Operating (deficit)/surplus is stated after:

Expenditure

Auditors' remuneration	131 006	925
Depreciation and amortisation	2 942 212	3 299 945
KORA All Africa Music Awards Project	-	23 506 234
Provision For Bad Debts	1 001 281	1 501 354
Operating lease rentals	2 140 190	2 520 721
-Premises	1 861 794	2 253 289
-Other assets	278 396	267 432
Foreign currency movements	(36 036)	(226 516)

NAMIBIA TOURISM BOARD
NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 MARCH

10. FINANCE INCOME	2017	2016
	N\$	N\$
Interest income	532 272	808 009
-From financial institutions	532 272	808 009
11. CASH GENERATED BY OPERATIONS		
Net operating deficit	7 796 614	(11 171 609)
<i>Adjustments for:</i>		
Depreciation and amortization	2 942 212	3 663 268
Interest received	(532 272)	(808 009)
Movement in provisions	(118 434)	(1 042 288)
Non-cash government grants	-	-
Profit on disposal of fixed assets	-	(19 699)
Interest paid	1 868 810	1 093 987
Prior year adjustments	(238 344)	1 034 430
OPERATING SURPLUS BEFORE CHANGES IN WORKING CAPITAL	11 718 593	(7 249 920)
CHANGES IN WORKING CAPITAL	(2 967 885)	(1 718 450)
Decrease in trade and other receivables	215 393	169 336
(Decrease) in trade and other payables	(3 183 278)	(1 887 786)
Cash generated / (utilized) by operations	8 750 708	(8 968 370)
12. OTHER INCOME		
(Loss) / gain on exchange differences	(36 036)	(226 516)
Other income	2 692 068	1 779 141
	2 656 032	1 552 625

13. LONG TERM LOANS

In order to finance the remaining construction costs, the Namibian Tourism Board took out a long term finance lease of N\$22 000 000 at an interest rate of Prime less 1.35%, which currently equates to 8.65% per annum from FNB Bank. The balance on the long term loan is represented below:

Short Term Portion of Loan	1 650 326	1 502 237
Long Term Portion of loan	18 321 284	19 928 955
	19 971 610	21 431 192

NAMIBIA TOURISM BOARD
NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 MARCH

	2017	2016
	N\$	N\$
14. DIRECTORS EMOLUMENTS		
Emoluments received	467 539	448 953
Directors Fees	271 908	225 772
Directors Other Services	195 631	223 181

